

ASSEMBLY, No. 520

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman ANGELICA M. JIMENEZ

District 32 (Bergen and Hudson)

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District 35 (Bergen and Passaic)

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District 34 (Essex and Passaic)

Co-Sponsored by:

Assemblywoman Tucker

SYNOPSIS

Amends Health Enterprise Zone law to allow municipalities more discretion in granting property tax exemptions to medical offices.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning tax exemptions for medical and dental primary
2 care offices in Health Enterprise Zones, and amending P.L.2004,
3 c.139, N.J.S.18A:71C-35, and P.L.1999, c.46.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 4 of P.L.2004, c.139 (C.54:4-3.160) is amended to
9 read as follows:

10 4. a. A municipality that has within its boundaries a Health
11 Enterprise Zone as described in section 1 of P.L.2004, c.139
12 (C.54A:3-7) may adopt **[a resolution]** an ordinance that provides
13 for an exemption from taxation as real property of that portion of a
14 structure or building that is used to house a medical or dental
15 primary care practice as defined in N.J.S.18A:71C-32 and that is
16 located in that designated area. The ordinance may limit
17 exemptions under this section to property located within a
18 delineated part or parts of that designated area. Additionally, or as
19 an alternative thereto, an ordinance adopted pursuant to this section
20 may provide that the exemption shall be limited to the portion of a
21 structure or building that is used to house a medical or dental
22 primary care facility that is newly rehabilitated or newly
23 constructed after a date that is set forth in the ordinance. The
24 exemption shall be in effect for tax years that are within the period
25 of designation as a State designated underserved area and shall be
26 contingent upon an annual application therefor filed by the property
27 owner with, and approved by, the local tax assessor.

28 b. As used in this section:

29 "Newly rehabilitated" means the extensive repair, reconstruction,
30 alteration or renovation of an existing structure or building in
31 accordance with the Rehabilitation Subcode of the State Uniform
32 Construction Code promulgated pursuant to P.L.1975, c. 217
33 (C.52:27D-119 et seq.).

34 (cf: P.L.2004, c.139, s.4)
35

36 2. N.J.S.18A:71C-35 is amended to read as follows:

37 18A:71C-35. The Commissioner of Health and Senior Services,
38 after consultation with the Commissioner of Corrections and the
39 Commissioner of Human Services, shall designate and establish a
40 ranking of State designated underserved areas. The criteria used by
41 the Commissioner of Health and Senior Services in designating
42 areas shall include, but not be limited to:

43 a. the financial resources of the population under
44 consideration;

45 b. the population's access to primary care services; and

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. appropriate physician, dentist, or other primary care staffing
2 in State, county, municipal and private nonprofit health care
3 facilities.

4 The Commissioner of Health and Senior Services shall transmit
5 the list of State designated underserved areas and the number of
6 positions needed in each area to the executive director or designee
7 and shall annually certify the list of State-designated underserved
8 areas to the Director of the Division of Taxation in the Department
9 of the Treasury. The list shall contain the name of each
10 municipality wherein a State designated underserved area is situated
11 and other appropriate identifying information.

12 (cf: N.J.S.18A:71C-35)

13
14 3. Section 5 of P.L.2004, c.139 (C.54:4-3.161) is amended to
15 read as follows:

16 5. a. Upon the granting of an exemption from taxation as real
17 property pursuant to section 4 of P.L.2004, c.139 (C.54:4-3.160), an
18 owner of the building or structure granted the exemption shall
19 rebate to a tenant engaged in the medical or dental primary care
20 practice an amount equal to the exemption, which may be a lump
21 sum or rebated through discounted rental payments.

22 b. The tenant engaged in the medical or dental primary care
23 practice or the owner of the building or structure granted the
24 exemption shall annually submit proof to the local tax assessor that
25 the amount of the exemption was rebated to the eligible tenant. If
26 proof satisfactory to the tax assessor is not provided in the manner
27 that the tax assessor shall establish, the exemption shall not be
28 allowed for the tax year and the owner of the property shall refund
29 the amount of the exemption for that tax year to the municipal tax
30 collector.

31 c. The Director of the Division of Taxation in the Department
32 of the Treasury may prescribe rules and regulations and design
33 applications and materials that are necessary to effectuate the tax
34 provisions of P.L.2004, c.139 (C.54A:3-7 et al.).

35 (cf: P.L.2004, c.139, s.5)

36
37 4. This act shall take effect immediately.

40 STATEMENT

41
42 This bill allows municipalities to grant property tax exemptions
43 to limited categories of medical and dental primary care offices in
44 an Health Enterprise Zone (HEZ), an underserved area designated
45 by the commissioner of Health and Senior Services.

46 Pursuant to section 4 of P.L.2004, c.139 (C.54:4-3.160), any
47 municipality that has within its boundaries an HEZ may currently
48 adopt a resolution exempting from property taxation all medical and

1 dental primary care practices located in the zone. This bill permits
2 the granting of the property tax exemption by ordinance to a subset
3 of medical and dental primary care practices in a zone.
4 Specifically, municipalities may limit the exemption to practices
5 located in a delineated part or parts of a zone or housed in a newly
6 constructed or newly rehabilitated structure or building, or both.
7 Many municipalities with an HEZ have not created a broad
8 exemption as an incentive to doctors and dentists to serve their
9 medically underserved populations because of the substantial cost
10 of authorizing the property tax exemption. The more limited
11 categories of exemptions permitted under the bill may provide more
12 targeted incentives and limit the property tax losses.